



Sean Rogan
Executive Director

COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

October 05, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVE ADMINISTRATION OF THE SOUTHERN CALIFORNIA HOME FINANCING
AUTHORITY BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS
ANGELES AND AMENDED AND RESTATED JOINT POWERS AGREEMENT
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the administration of the Southern California Home Financing Authority (SCHFA) by the Community Development Commission of the County of Los Angeles (Commission) on behalf of the County of Los Angeles (County), a member of SCHFA's Governing Board. The letter also recommends adoption of a resolution authorizing the Amended and Restated Joint Exercise of Powers Agreement (JPA). SCHFA is a joint powers authority between Los Angeles and Orange Counties formed in June 1988 to issue tax-exempt mortgage revenue bonds for low and moderate-income first-time homebuyers. Approval of these actions will allow the Commission to administer the SCHFA program. This letter relates to an item on the agenda of the Board of Commissioners of the Community Development Commission to accept the delegated authority from your Board.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize delegated authority by the County, as a member of the Governing Board of SCHFA, for the Commission to act as an agent of the County as may be necessary to administer SCHFA for the County.
2. Authorize the Chair of the Board of Supervisors, which serves as a voting Member of the SCHFA Governing Board during his or her term as Chair, to delegate authority to the Executive Director of the Commission, or the Executive Director's designee, if the Executive Director is not available to serve.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 October 5, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

3. Authorize SCHFA to use the standards and procedures established by the Commission to exercise all powers described in the JPA, including procurement and contracting methods and fund investment criteria.
4. Adopt and instruct the Chair to sign the attached Resolution authorizing Amendment No. 2 to the JPA for SCHFA.
5. Find that delegation of authority from the County to the Commission to administer the SCHFA is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action is not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of these actions is to authorize the Commission to administer SCHFA on behalf of the County and to approve the Amended and Restated Joint Exercise of Powers Agreement.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In June 1988, your Board approved a Joint Exercise of Powers Agreement that created SCHFA, a Joint Powers Authority of Los Angeles and Orange Counties, to issue tax-exempt mortgage revenue bonds, except in the City of Los Angeles, for low and moderate-income first-time homebuyers. Since its inception, working with private lenders, SCHFA has made over 7,500 loans for first-time homebuyers and issued over \$1.1 billion in tax-exempt single-family mortgage revenue bonds.

The current JPA provides that restrictions affecting administrative authority are no different than those imposed upon the County of Los Angeles in the exercise of similar powers, as provided in Section 6509 of the Joint Powers Law. The Commission has historically carried out the functions of SCHFA on behalf of the County. The requested action will formalize the use of the Commission's standards and procedures in exercising these powers.

In November 1997, your Board adopted a Resolution authorizing that the presiding Chair of the Board of Supervisors shall automatically succeed to the position as Member of the Governing Board of SCHFA. The Resolution further authorized the SCHFA Member of the Board of Supervisors to delegate to another person the power to act for such Member. Your Board encouraged delegation of the position to the Executive Director of the Commission. The proposed action is consistent with this Policy by formally naming the Executive Director of the Commission as the SCHFA Member's designee. In addition, this action will allow the Executive Director to designate another individual to attend on his behalf if he is unavailable to attend a SCHFA board meeting.

The JPA permits the use of the Commission's standards and procedures, including but not limited to the Commission's procurement and investment policies; assures that SCHFA's assets will be kept at levels that maintain a positive financial position and meets its financial obligations; and confirms SCHFA's ability to finance and refinance multifamily rental projects.

County Counsel recommends amending SCHFA's JPA. Recommended changes include updating State codes, aligning SCHFA's procurement and payment standards with those of the Commission and updating operational policies regarding the designation of Board Officers. Adoption of the attached Resolution authorizes and directs the Chair to execute the JPA, also attached in substantially final form.

Additionally, the Governing Board of SCHFA desires that the Office of County Counsel of the County of Los Angeles maintain its role as legal advisor to SCHFA.

ENVIRONMENTAL DOCUMENTATION

These activities are exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because they involve administrative activities that will not have a physical impact on or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

These actions will formalize the Commission's administration of SCHFA.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN
Executive Director

SR:gk

Enclosures

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING AND AUTHORIZING THE EXECUTION AND
DELIVERY OF AN AMENDED AND RESTATED JOINT EXERCISE OF
POWERS AGREEMENT AND RELATED ACTIONS

WHEREAS, the County of Los Angeles (the "County") is empowered by Chapters 1 through 5 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") to incur indebtedness for the purpose of financing the construction, acquisition, improvement and rehabilitation of homes as authorized by the Act; and

WHEREAS, the County and the County of Orange ("Orange County") formed a joint exercise of powers authority to exercise their respective powers pursuant to the Act for the purpose of financing home mortgages with respect to property within the boundaries of said counties and for the purpose of financing and refinancing multifamily rental projects through the execution and delivery of that certain Joint Exercise of Powers Agreement creating the Southern California Home Financing Authority, dated as of June 1, 1988, by and between the County and Orange County, as amended by that certain First Amendment to Joint Exercise of Powers Agreement creating the Southern California Home Financing Authority, dated as of September 1, 1995, between the County and Orange County (as amended, the "Original Agreement");

WHEREAS, the County has determined that certain amendments to the Original Agreement are necessary or desirable; and

WHEREAS, there have been prepared and presented at this meeting an Amended and Restated Joint Exercise of Powers Agreement creating the Southern California Home Financing Authority (the "JPA Agreement"), and such document is now in substantially final form.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. The JPA Agreement in the form presented at this meeting is hereby approved, and the Chair of this Board of Supervisors and the Executive Director of the Community Development Commission of the County of Los Angeles are each hereby authorized and directed to execute and deliver, for and in the name and on behalf of the County, the JPA Agreement in substantially such form, with such additions, changes and corrections either of them may approve upon consultation with the County Counsel, such approval to be conclusively evidenced by the execution of said JPA Agreement with such additions, changes or corrections.

3. All actions heretofore taken by the officers and agents of the County with respect to the preparation of the JPA Agreement are hereby approved, confirmed and ratified, and the proper officers of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the JPA Agreement, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the JPA Agreement and to effectuate the purposes of this Resolution.

4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles, State of California, this 5th day of October, 2010 by the following vote:

AYES: Supervisors Ridley-Thomas, Knabe, Antonovich, and Molina

NOES: NONE

ABSENT: Supervisor Yaroslavsky

ABSTAIN: NONE

By *Gloria Molina*
Chair of the
Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By *Lachelle Smithman*
Deputy



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By *Behnaz Jafarzadeh*
Deputy

**AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT
CREATING THE SOUTHERN CALIFORNIA HOME FINANCING AUTHORITY**

This Amended and Restated Joint Exercise of Powers Agreement, dated for convenience as of October 5, 2010, by and among the undersigned California counties and any other local agencies that may hereafter be added as parties pursuant to the terms hereof (collectively, the “Members”), amending that certain Joint Exercise of Powers Agreement creating the Southern California Home Financing Authority, dated as of June 1, 1988, by and between the County of Los Angeles (the “County of Los Angeles”) and the County of Orange (the “County of Orange”), as amended by that certain First Amendment to Joint Exercise of Powers Agreement creating the Southern California Home Financing Authority, dated as of September 1, 1995, between the County of Los Angeles and the County of Orange (as amended, the “Agreement”).

W I T N E S S E T H:

WHEREAS, the Members are each empowered by Chapters 1 through 5 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”) to incur indebtedness for the purpose of financing the construction, acquisition, improvement and rehabilitation of homes as authorized by the Act; and

WHEREAS, the Members have determined that a joint exercise of powers authority should be formed to exercise their respective powers pursuant to the Act for the purpose of financing home mortgages with respect to property within the boundaries of said Members; and for the purpose of financing and refinancing multifamily rental projects.

NOW, THEREFORE, the Members, for and in consideration of the mutual premises and agreements herein contained, do each agree as follows:

SECTION 1. Definitions

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

Act

“Act” means Chapters 1 through 5, Chapter 7 and Chapter 8 of Part 5 of Division 31 of the Health and Safety Code of the State of California (commencing with Section 52000), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53580) or any other applicable provisions of law, as now in effect or as such laws may be amended or supplemented from time to time hereafter.

Agreement

“Agreement” means this Amended and Restated Joint Exercise of Powers Agreement as the same now exists or as it may from time to time be amended by any supplemental agreement entered into pursuant to the provisions hereof.

Authority

“Authority” means the Southern California Home Financing Authority created by this Agreement.

Board

“Board” means the governing board of the Authority as described in Section 7.

Boardmember

“Boardmember” means the duly appointed member of the Board.

Bonds

“Bonds” means revenue bonds of the Authority authorized and issued pursuant to the Act, including each and all series of revenue bonds, and shall also include, except where the context shall require otherwise, any other limited obligations or evidences of indebtedness of the Authority authorized and issued pursuant to the Act.

Bylaws

“Bylaws” means any bylaws adopted by the Board as described in Section 5.

Joint Powers Law

“Joint Powers Law” means Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6500 thereof).

Member

“Member” means each county or other local agency which is a party to this Agreement, initially the undersigned counties, but also each additional party added pursuant to the provisions of Section 3.

SECTION 2. Purposes

This Agreement is made pursuant to the Joint Powers Law to provide for the joint exercise of powers common to the Members. The Members are each empowered by the Act to incur indebtedness for the purpose of financing the acquisition, construction, improvement and rehabilitation of homes as authorized by the Act, for the benefit of the residents thereof; and for the purpose of financing the acquisition, construction, rehabilitation and development of multifamily rental housing projects and the refinancing of such projects as authorized by the Act. These common powers will be jointly exercised in the manner hereinafter set forth.

SECTION 3. Creation of Authority; Addition of Members

There is hereby created pursuant to the Joint Powers Law an agency and public entity to be known as the “Southern California Home Financing Authority.” As provided in the Joint Powers Law, the Authority shall be a public entity separate from the Members. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any Member.

Additional new Members may be added upon the affirmative vote of a majority of the Boardmembers and approval of the governing body of each new Member. The addition of any new Member shall become effective upon the execution on behalf of such Member of a counterpart of this Agreement.

SECTION 4. Term

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated by a Member upon 30 days notice to the other Members; provided, however, that in no event shall this Agreement terminate while any Bonds or other obligations of the Authority remain outstanding under the terms of any indenture, trust agreement, contract, agreement, lease, sublease or other instrument pursuant to which such Bonds are issued or other obligations are incurred.

SECTION 5. Powers; Restriction Upon Exercise

The Authority shall have the power to exercise any and all powers of the Members under the Act, subject, however, to the conditions and restrictions hereinbefore and hereinafter in this Agreement contained. Each Member may also separately exercise any and all such powers.

The Authority is also authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes, including but not limited to any or all of the following: to make and enter into contracts; to accept the assignment of contracts entered into by any Member prior to the establishment of the Authority which relate to the purposes of this Agreement; to employ agents and employees; to acquire, construct, manage, maintain and operate any building, works or improvements; to acquire, hold or dispose of property, including property subject to home mortgages; to incur debts, liabilities or obligations which do not constitute debts, liabilities or obligations of any Member; and to sue and be sued in its own name.

The Authority shall have any additional powers conferred under the Joint Powers Law or under applicable law, insofar as such powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

Such powers shall be exercised subject only to such restrictions upon the manner of exercising such power as are imposed upon the County of Los Angeles in the exercise of similar powers, as provided in Section 6509 of the Joint Powers Law.

Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury pursuant to Section 9(b) hereof that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies pursuant to Section 53601 of the Government Code of the State of California.

The Board may adopt bylaws for the Authority in furtherance of the purposes of this Agreement.

SECTION 6. Termination of Powers

The Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement, except that if any Bonds are issued and delivered then in no event shall the exercise of the powers herein granted be terminated until all Bonds so issued and delivered and the interest thereon shall have been paid or provision for such payment shall have been made.

SECTION 7. Governing Board

The Authority shall be administered by the Board, which shall consist of one Boardmember for each Member, each Boardmember serving in his or her individual capacity as such Boardmember.

The Boardmember for each Member shall be the chair of the governing body of such Member or the person holding such other office or such other person as shall be appointed by such Member. The term of office as a Member of the Board shall terminate when such Member of the Board shall cease to hold its respective office of chair of the governing body of such Member; and the successor to such officer of the Member shall become a member of the Board, upon assuming such office.

Whenever a Boardmember is a member of the governing body of a Member, such member of a governing body may designate another person to act as such Boardmember in his or her place and stead to all intents and purposes as though the member of the governing body were personally present, including the right to be counted in constituting a quorum, to participate in the proceedings of the Board, and to vote upon any and all matters. If the Boardmember's designee is unavailable to participate in the proceedings of the Board, another person may be designated by the member to act in the capacity as a member of the Governing Board. No such person may represent more than one Boardmember at any meeting of the Board. Any such designation shall be in writing, shall be filed with the secretary of the Authority and shall be effective for such meeting, meetings or other period of time specified in such writing.

Boardmembers shall not receive any compensation for serving as such but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Boardmember if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

SECTION 8. Meetings of the Board

(a) The Board shall hold at least one regular meeting each year, and, by resolution or in the Bylaws, may provide for the holding of regular meetings at more frequent intervals. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by resolution of the Board or in the Bylaws. The Board may hold special meetings at any time and from time to time in accordance with law.

(b) All meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 54950 thereof).

(c) The secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Boardmember and to each Member.

(d) A majority of the Boardmembers shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time.

SECTION 9. Officers; Duties; Official Bonds

(a) The officers of the Authority shall be the chair, the vice-chair, the executive coordinator, the secretary, the treasurer and the auditor. Unless the Board shall otherwise determine, the chair of the Authority shall be the Boardmember from the County of Los Angeles and the vice-chair of the Authority shall be the Boardmember from the County of Orange. The Board shall appoint an executive coordinator, a secretary, a treasurer and an auditor of the Authority who may, but need not, be a member of the Board and who may, but need not be, the same person. Such officers of the Authority may be specified in the bylaws. Such officers may be directors or officers of Members serving ex officio. Officers serving ex officio may delegate their duties to their respective deputies or to another person eligible to act in such person's place in accordance with applicable law. The services of the officers shall be without compensation by the Authority but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Boardmember if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

(b) Subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent, the treasurer is designated as the depositary of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law.

(c) The auditor shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law.

(d) The treasurer and auditor of the Authority are designated as the public officers or persons who have charge of, handle, or have access to any property of the Authority, and each such officer shall file an official bond with the secretary of the Authority in the amount of \$100,000. If and to the extent permitted by law, any such officer may satisfy this requirement

by filing an official bond in at least said amount obtained in connection with another public office.

(e) If the treasurer and auditor appointed by the Board as set forth in subsection (a) of this Section are not the treasurer and auditor, respectively, of one of the Members, the Board shall appoint one of its officers or employees to either or both of such positions. The offices of treasurer and auditor may be held by separate officers or employees of the Authority or combined and held by one officer or employee; provided that such person or persons shall comply with the duties and responsibilities of such office or offices as set forth in the Joint Powers Law.

(f) The executive coordinator of the Authority shall coordinate the Authority's issuance of bonds and other forms of indebtedness and the programs financed thereby.

Additionally, the Governing Board of SCHFA desires that the Office of County Counsel of the County of Los Angeles maintain its role as legal advisor to SCHFA."

(g) The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants. The procurement policies of the County of Los Angeles, or as otherwise delegated by that County to the Community Development Commission of the County of Los Angeles, shall be applied in exercising such powers.

(h) All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, worker's compensation and other benefits which apply to the activities of officers, agents or employees of the Members when performing their respective functions within the territorial limits of their respective Member, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of this Agreement.

(i) None of the officers, agents or employees, if any, directly employed by the Authority shall be deemed, by reason of their employment by the Authority, to be employed by any Member or, by reason of their employment by the Authority, to be subject to any of the requirements of any Member.

(j) In any event, the Authority shall cause all records regarding the Authority's formation, existence, operations, Board agendas, staff reports, minutes, audits, any Bonds issued by the Authority, obligations incurred by it and proceedings pertaining to its termination to be retained for at least six (6) years following termination of the Authority or final payment of any Bonds issued by the Authority, whichever is later.

SECTION 10. Fiscal Year

Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from July 1 of each year to and including the following June 30, except for the first fiscal year which shall be the period from the date of this Agreement to June 30, 1989.

SECTION 11. Disposition of Assets

If Bonds are issued as provided in Section 12, upon termination of this Agreement, all assets of the Authority (including any surplus money on hand) shall be distributed to the respective Members in proportion to each Member's "net worth", as described in the bylaws of the Authority.

SECTION 12. Withdrawal of Assets

Each Member may withdraw assets subject to any restrictions in indentures securing Bonds and a determination by the Board that such withdrawal will not materially adversely impact the financial condition of the Authority or adversely affect the ability of the Authority to meet its financial obligations.

SECTION 13. Bonds

The Authority shall have power to issue Bonds in accordance with the provisions of the Act for the purpose of raising funds necessary to carry out its powers under this Agreement and to enter into appropriate agreements to secure said Bonds. The Authority shall also have the power to issue any other forms of indebtedness authorized by the Act in accordance with the provisions of the Act for such purposes.

SECTION 14. Agreement Not Exclusive; Operation in Jurisdiction of Member.

This Agreement shall not be exclusive, and each Member expressly reserves its rights to carry out other home financing programs and multifamily housing financing programs under the Act and to issue other obligations for such purposes. This Agreement shall not be deemed to amend or alter the terms of other agreements among the Members, except as expressly provided herein.

The Authority shall not make or purchase any home mortgage secured by any home within the jurisdiction of a Member without the written consent of such Member to such home mortgage or to home mortgages of its type. The giving or withholding of such consent is in the sole and absolute discretion of such Member, but, if given by such Member and then relied upon by the Authority for purposes of entering into agreements with developers, lenders or others, such a consent may not be revoked. The Authority shall not issue Bonds with respect to any multifamily housing project unless the governing body of the Member in whose jurisdiction the project is located shall approve, conditionally or unconditionally, the project and the issuance of Bonds by the Authority for such purpose.

SECTION 15. Contributions and Advances

Contributions or advances of public funds and of personnel (i.e. - reimbursement from costs and expenses incurred in conducting Authority business, including staff time and allocable overhead), equipment or property may be made to the Authority by any Member for

any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the advancing Member and the Authority at the time of making such advance as described in the bylaws of the Authority. It is mutually understood and agreed that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either may do so. The Members may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Authority.

SECTION 16. Accounts and Reports

All funds of the Authority shall be strictly accounted for in books of account and financial records maintained by the Authority, including a report of all receipts and disbursements. The Authority shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles and by any provision of any resolution or indenture of the Authority securing the Bonds. The books and records of the Authority shall be open to inspection at all reasonable times by each Member and its representatives.

(a) Audits.

The auditor of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority in compliance with the requirements of the Joint Powers Law. Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

(b) Audit Reports.

The auditor of the Authority, as soon as practicable after the close of each Fiscal Year but in any event within the time necessary to comply with the requirements of the Act shall file a report of the audit performed pursuant to Subsection B of this Section 15 as required by the Joint Powers Law and shall send a copy of such report to public entities and persons in accordance with the requirements of the Joint Powers Law.

(c) Quarterly Reports.

The auditor of the Authority shall submit to the Board and to each Member quarterly financial reports as required by the Joint Powers Law.

SECTION 17. Funds.

Subject to the provisions of each indenture for outstanding Bonds providing for a trustee to receive, have custody of and disburse funds which constitute Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to accounting procedures approved by the Board and shall make the disbursements required by this Agreement or otherwise necessary to carry out the provisions and purposes of this Agreement. The Investment Policies of the County of Los Angeles, or as otherwise

delegated by that County to the Community Development Commission of the County of Los Angeles, shall be applied with respect to the investment of the Authority's funds.

SECTION 18. Conflict of Interest Code

The Authority shall adopt a Conflict of Interest Code to the extent required by law.

SECTION 19. No Withdrawal

No Member may withdraw from this Agreement prior to the end of the term of this Agreement determined in accordance with Section 4.

SECTION 20. Successors; Assignment

This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members. Except to the extent expressly provided herein, neither Member may assign any right or obligation hereunder without the consent of the other.

SECTION 21. Breach

If default shall be made by any Member in any covenant contained in this Agreement, such default shall not excuse any Member from fulfilling its obligations under this Agreement, and each Member shall continue to be liable for the performance of all conditions herein contained. Each Member hereby declares that this Agreement is entered into for the benefit of the Authority created hereby, and each Member hereby grants to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the Members hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative, and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

SECTION 22. Actions by Deputies or Assistants

Where reference is made to duties to be performed for the Authority by a public official or employee, such duties may be performed by that person's duly authorized deputy or assistant. Where reference is made to actions to be taken by a Member, such action may be exercised through the officers, staff or employees of such Member, in the manner provided by law and in accordance with each Member's policies and procedures governing its respective employees.

SECTION 23. Waiver of Personal Liability; Indemnification

No member, officer or employee of the Authority or any Member, shall be individually or personally liable for any claims, losses, damages, costs, injury and liability of any kind, nature or description arising from the actions of the Authority or the actions undertaken pursuant to this Agreement, and the Authority shall defend such members, officers or employees

against any such claims, losses, damages, costs, injury and liability. Without limiting the generality of the foregoing, no member, officer or employee of the Authority or of any Member shall be personally liable on any Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds pursuant to the Joint Powers Law and this Agreement. To the full extent permitted by law, the Board shall provide for indemnification by the Authority of any person who is or was a member of the Board, or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member of the Board, or an officer, employee or other agent of the Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in the course and scope of his or her office, employment or Authority. In the case of a criminal proceeding, the Board may provide for indemnification and defense of a Member of the Board, or an officer, employee or other agent of the Authority to the extent permitted by law.

SECTION 24. Amendment of Agreement

This Agreement may be amended by supplemental agreement executed by each Member at any time, subject to the conditions and restrictions set forth in the resolution or resolutions or indenture or indentures authorizing the issuance of Bonds.

SECTION 25. Governing Law

This Agreement is made in the State of California, under the Constitution and laws of the state and is to be construed as a contract made and to be performed in the State of California.

SECTION 26. Exclusive Agreement

This Agreement is the complete and exclusive statement of the agreement among the parties with respect to the subject matter hereof, which supersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between the parties relating to the subject matter of this Agreement.

SECTION 27. Severability

Should any part, term or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

SECTION 28. Section Headings

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

SECTION 29. Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall collectively constitute one and the same instrument.

INTERIM

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

COUNTY OF LOS ANGELES

By

Gloria Molina
Chair of the
Board of Supervisors

Attest:

Sachi A. Hamai,
Executive Officer-Clerk
Of the Board of Supervisors

By

Lachelle Smitherman
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By Lachelle Smitherman
Deputy

Approved as to form:

Andrea Sheridan Ordin
County Counsel

Behnaz Jashakuma
Deputy County Counsel

COUNTY OF ORANGE

By

Chair of the
Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIR OF THE
BOARD OF SUPERVISORS

Clerk of the Board
of Supervisors

APPROVED AS TO FORM
NICHOLAS CHRISOS, COUNTY COUNSEL

By:

Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 OCT 5 2010

Sachi A. Hamai
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EXECUTIVE OFFICER

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**BY-LAWS
OF THE
SOUTHERN CALIFORNIA
HOME FINANCING AUTHORITY**

Adopted _____, 2010

ARTICLE I - THE AUTHORITY

Section 1. Name. The official name of the Authority shall be the “Southern California Home Financing Authority”. The Authority was created pursuant to the Joint Exercise of Powers Agreement Creating the Southern California Home Financing Authority, dated as of June 1, 1988, by and between the County of Los Angeles (the “County of Los Angeles”) and the County of Orange (the “County of Orange”), as amended by that certain First Amendment to Joint Exercise of Powers Agreement Creating the Southern California Home Financing Authority, dated as of September 1, 1995, between the County of Los Angeles and the County of Orange, and by that certain Amended and Restated Joint Exercise of Power Agreement Creating the Southern California Home Financing Authority, dated as of May 1, 2010, between the County of Los Angeles and the County of Orange (as amended, the “Agreement”).

Section 2. Authority Board Members. The Authority shall be administered by a governing board (the “Board”), which shall consist of one Boardmember for each Member, each Boardmember serving in his or her individual capacity as such Boardmember. One Boardmember shall be the chair of the governing body of each Member or the person holding such other office or such other person as shall be appointed by such Member. The term of office as a member of the Board shall terminate when such member of the Board shall cease to hold its respective office; and the successor to such officer of the Member shall become a member of the Board, upon assuming such office.

Whenever a Boardmember is a member of the governing body, such member of a governing body may designate another person to act as such Boardmember in his or her place

and stead to all intents and purposes as though the Member of the governing body were personally present, including the right to be counted in constituting a quorum, to participate in the proceedings of the Board, and to vote upon any and all matters. If the Boardmember's designee is unavailable to participate in the proceedings of the Board, another person may be designated by the Member to act in the capacity as a Member of the Governing Board._ No such deputy or person may represent more than one Boardmember at any meeting of the Board. Any such designation shall be in writing, shall be filed with the secretary of the Authority and shall be effective for such meeting, meetings or other period of time specified in such writing.

Section 3. Office. The business office of the Authority shall be the administration office of the Community Development Commission of the County of Los Angeles, at 2 Coral Circle, Monterey Park, California 91755, or at such other place as may be designated by the Board.

Section 4. Compensation. Boardmembers shall not receive any compensation for serving as such but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Boardmember if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

Section 5. Conflicts of Interest. The Authority shall adopt a Conflict of Interest Code.

ARTICLE II - OFFICERS

Section 6. Officers. The officers of the Authority shall be the Chair, the Vice-Chair, the Executive Coordinator, the Secretary, the Treasurer and the Auditor. Officers serving ex-officio may delegate their duties to their respective deputies or to another person eligible to

act in such person's place in accordance with applicable law. The services of the officers shall be without compensation by the Authority.

Section 7. Chair. The Chair of the Authority shall be the Boardmember from the County of Los Angeles. The Chair shall preside at all meetings of the Authority and shall submit such information and recommendations to the Board as he or she may consider proper concerning the business, policies and affairs of the Authority. Except as otherwise authorized by resolution of the Authority, the Chair shall sign all contracts, deed, and other instruments made by the Authority.

Section 8. Vice-Chair. The Vice-Chair shall be the Boardmember from the County of Orange. The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair. In case of the resignation or death of the Chair, the Vice-Chair shall perform such duties as are imposed on the Chair, until such time as a new Chair is selected or appointed.

Section 9. Secretary. The Secretary shall serve at the pleasure of the Board. The Secretary shall keep the records of the Authority, shall act as Secretary at the meetings of the Authority and record all votes, and shall keep a record of the proceedings of the Authority in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to the office.

Section 10. Treasurer. The Treasurer shall serve at the pleasure of the Board. Subject to the applicable provisions of any trust agreement, indenture or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depositary of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have

the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law. The Treasurer shall invest the assets of the Authority consistent with applicable law and the Investment Policies of the County of Los Angeles, or as otherwise delegated by that County to the Community Development Commission of the County of Los Angeles, shall be applied with respect to the investment of the Authority's funds.

The withdrawal of assets by a Member is subject to any restrictions in Indentures securing Bonds and a determination by the Board that such withdrawal will not materially adversely impact the financial condition of the Authority or adversely affect the ability of the Authority to meet its financial obligations.

The SCHFA Net Worth shall be divided among the Members as follows: (1) all available cash as of April 1, 2010, and all future revenues derived from cash and MBSs resulting from the bond series redeemed on April 1, 2010, will be divided with 58.2% of revenues to the Los Angeles County Member and 41.8% to the Orange County Member; (2) all revenues from non-redeemed bond series as of April 1, 2010 and all future bond issuances, will be divided based upon the proportion of the principal amount of home mortgages originally made in the jurisdiction of each Member.

Section 11. Auditor. The Auditor shall serve at the pleasure of the Board. The Auditor shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Law.

Section 12. Executive Coordinator. The Executive Coordinator shall serve at the pleasure of the Board. The Executive Coordinator shall coordinate the Authority's issuance of bonds and other forms of indebtedness and the programs financed thereby.

Section 13. Appointment of Officers. The nomination and appointment of officers shall be the first order of business at the first meeting of the Authority, regular or special, held in each calendar year. Such officers shall serve one-year terms, subject to annual appointment by the Board.

Section 14. Authority to Bind Authority. No member, officer, agent or employee of the Authority, without prior specific or general authority by a vote of the Board, shall have any power or authority to bind the Authority by any contract, to pledge its credit, or to render it liable for any purpose in any amount.

Section 15. Actions by Deputies or Assistants. Where reference is made to duties to be performed for the Authority by a public official or employee, such duties may be performed by that person's duly authorized deputy or assistant. Where reference is made to actions to be taken by a Member, such action may be exercised through the officers, staff or employees of such Member, in the manner provided by law and in accordance with the policies and procedures of such Member.

ARTICLE III - EMPLOYEES AND AGENTS

Section 16. Appointment of Employees and Agents. The Authority may from time to time request from Members the services of such personnel, counsel or agents, permanent or temporary, as may be necessary to carry out the business and affairs of the Authority and may provide for the reimbursement to Members for the cost of rendering such services. The Board may in addition employ temporary professional and technical personnel on such terms and at such rates of compensation as the Board may determine, for the performance of Authority business and affairs, provided that adequate sources of funds are identified for the payment of

such temporary professional and technical services. The procurement policies of the County of Los Angeles, or as otherwise delegated by that County to the Community Development Commission of the County of Los Angeles, shall be applied in exercising such powers.

ARTICLE IV - MEETINGS

Section 17. Regular Meetings. The Board shall hold at least one regular meeting each year, and by resolution, may provide for the holding of regular meetings at more frequent intervals. Regular meetings shall be held at the Authority's headquarters, or at such other place as the Chair may designate, on dates and at a time as fixed by resolution of the Board. If at any time any regular meeting falls on a legal holiday, such regular meeting shall be held on the next business day at the same time. Regular meeting will be held in accordance with the Ralph M. Brown Act.

Section 18. Special Meetings. A special meeting may be called at any time by the Chair or the Vice-Chair by delivering written notice to each Boardmember. Such written notice may be dispensed with as to any Boardmember who at or prior to the time the meeting convenes files with the Secretary of the Authority a written waiver of notice. Such waiver may be given by telegram or telecopy. Such written notice may also be dispensed with as to any member who is actually present at the meeting. Special meetings will be held in accordance with the Ralph M. Brown Act.

Section 19. Closed Sessions. Nothing contained in these bylaws shall be construed to prevent the Board from holding closed sessions during a regular or special meeting concerning any matter permitted by law to be considered in a closed session.

Section 20. Public Hearings. All public hearings held by the Board shall be held during regular or special meetings of the Board.

Section 21. Adjourning Meetings and Continuing Public Hearings to Other Times or Places. The Board may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all Board members are absent from any regular meeting or adjourned regular meeting the Secretary of the Authority may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided for special meetings unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings.

Any public hearing being held, or any hearing noticed or ordered to be held at any meeting may by order or notice of continuance be continued or recontinued to any subsequent meeting in the same manner and to the same extent set forth herein for the adjournment of the meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing a copy of the order or notice of continuance shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

Section 22. Ralph M. Brown Act. The Ralph M. Brown Act applies to all meetings of the Board.

Section 23. Quorum. A majority of the Boardmembers shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other official purposes, except that less than a quorum may adjourn from time to time until a quorum is obtained. Any action or decision of the Authority shall be on motion duly approved by a majority of a quorum of the Board at a lawfully held meeting.

Section 24. Order of Business. The Executive Coordinator shall prepare the agenda of all meetings. Business will be conducted according to the agenda, except when determined by the Board as permitted by law.

Section 25. Parliamentary Procedure. The presiding officer at the meeting shall determine the rules of conduct. The presiding officer may be guided by the rules of parliamentary procedure set forth in Robert's Rules of Order, but failure to follow Robert's Rules of Order shall not affect the validity of any action or motion duly taken or adopted by the Board at any lawfully held meeting.

ARTICLE V - AMENDMENTS

Section 26. Amendments to By-Laws. These by-laws may be amended by the Board at any regular or special meeting by majority vote, provided that a description of the proposed amendment to any particular section is included in the notice of such meeting.

ARTICLE VI - MISCELLANEOUS

Section 27. Capitalized Items. Capital terms used herein not otherwise defined shall have the meaning set forth in the Agreement.

Section 28. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of these by-laws.